

Message Text

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ORIGIN EB-07

INFO OCT-01 NEA-09 ISO-00 L-02 JUSE-00 COME-00 TRSE-00

FEA-01 FTC-01 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

USIA-06 PRS-01 SP-02 AID-05 INT-05 FPC-01 OPIC-03

OES-03 /055 R

DRAFTED BY EB/CBA/OSB:EKLAWSON:EB/ITP/OT:DMOR

APPROVED BY EB/CBA - J.W. BILLER

EB/CBA/OSB:DBRAMANTE (DRAFT)

EB/ORF/FSE:LRAICHT (DRAFT)

L/CPITMAN (DRAFT)

EB/IFD/OIA:SMITH (DRAFT)

NEA/IRN:NAAS (DRAFT)

NEA:SOBER (DRAFT)

EB/CBA/BP - BUSHNELL (DRAFT)

EB/ORF - MR KATZ (DRAFT)

JUSTICE: MR ROSENTHAL (DRAFT)

EB - MR. POATS (DRAFT)

COMMERCE: MR. HALE (DRAFT)

TREASURY: MR. NEWMAN (DRAFT)

FEA - MR. WILHELM (INFO)

----- 105166

P 282241Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN PRIORITY

C O N F I D E N T I A L STATE 045979

E.O. 11652: GDS

TAGS: USIRJC, EAIO, EINO, EINV, US. IR

SUBJECT: PROPOSED PETRO-CHEMICAL JOINT VENTURES

REF: (A) TEHRAN 1575 (B) TEHRAN 1608

1. RE REF B IN CHECKING WITH DOW, ASHLAND/GOODRICH/
PHILLIPS, UNION CARBIDE AND DUPONT, WE FIND THEY HAVE
NOT RPT NOT AS YET SIGNED LETTERS OF INTENT. AS A
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PRELIMINARY STEP, LETTERS OF UNDERSTANDING, HOWEVER, HAVE

BEEN SIGNED AND FEASIBILITY STUDIES ARE UNDERWAY EXCEPT FOR DUPONT. DUPONT HAS NO LETTER OF UNDERSTANDING FOR ANY NEW PROJECTS AND AT PRESENT HAS NO PLANS FOR BEGINNING FEASIBILITY STUDY. ALL COMPANIES HAVE STATED IN STRONGEST TERMS THEY DO NOT WANT ANY MENTION OF POSSIBLE JOINT VENTURE PROPOSALS IN ANY PUBLIC STATEMENT AT THIS TIME. ACCORDINGLY, WE WILL NOT MENTION THESE PROPOSALS IN THE JOINT COMMUNIQUE OR PRESS RELEASE.

2. (FYI) APART FROM STILL UNDETERMINED USG POSITION RE INWARD INVESTMENT CONSIDERATIONS OF UNION CARBIDE AND POSSIBLE DUPONT PROJECTS, USG WOULD HAVE NO OBJECTION TO PROPOSALS. OBVIOUSLY, ANY ANTI-TRUST IMPLICATIONS RAISED BY THESE VENTURES WOULD BE SUBJECT TO REVIEW BY THE JUSTICE DEPARTMENT. (END FYI).

3. RE LONG-TERM SUPPLY CONTRACTS BY U.S. COMPANIES TO OBTAIN NAPHTHA, ETHYLENE GLYCOL AND ALCOHOL FROM IRAN

FOR U.S. OPERATIONS (JOINT VENTURE OR OTHERWISE), SUCH AGREEMENTS POSE NO PROBLEMS FOR USG FROM GENERAL POLICY POINT OF VIEW. COMPANIES NECESSARILY BEAR RISK THAT U.S. ENERGY POLICY NOW BEING WORKED OUT BETWEEN ADMINISTRATION AND CONGRESS COULD HAVE SIGNIFICANT BEARING ON ATTRACTIVENESS OF LONG-TERM SUPPLY CONTRACTS FOR BOTH OIL AND OIL PRODUCTS. IN THIS SAME REGARD, USG IN IMPLEMENTING NEW ENERGY POLICY, WILL SEEK WHEREVER POSSIBLE TO AVOID INTERFERENCE WITH CONTRACTUAL RELATIONS OF PRIVATE FIRMS BUT, OF COURSE, CAN NOT OFFER ANY GUARANTEE THAT SUCH RELATIONS WILL BE UNAFFECTED.

4. NEW ONE DOLLAR IMPORT FEES IMPOSED ON FEBRUARY 1 APPLY TO BOTH OIL AND PETROLEUM PRODUCTS, INCLUDING THOSE ENUMERATED PARA 4C TEHRAN 1608. BECAUSE PRODUCT IMPORTS AS OF FEBRUARY 1975 HAVE CEASED TO BE COVERED BY THE FEDERAL ENERGY AGENCY'S QUOTE OLD ENTITLEMENTS UNQUOTE PROGRAM, NEED HAS ARISEN TO OVERCOME ANY SEVERE REGIONAL IMPACTS THAT COULD BE CAUSED BY LARGE FEES IN IMPORT DEPENDENT AREAS. TO AVOID SUCH IMPACTS, CONFIDENTIAL

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IMPORTED PRODUCTS WILL RECEIVE A REBATE CORRESPONDING TO THE BENEFIT WHICH WOULD HAVE BEEN OBTAINED UNDER THE OLD PROGRAM. THE REBATE SHOULD BE APPROXIMATELY ONE DOLLAR IN FEBRUARY, DOLS 1.40 IN MARCH AND DOLS 1.80 IN APRIL. UNDER PROPOSED LEGISLATION WHICH WOULD ALSO PROVIDE FOR AN EXCISE TAX ON DOMESTIC OIL, IMPORT FEE ON CRUDE WOULD BE REDUCED TO TWO DOLLARS, AND FEE ON OIL PRODUCT IMPORTS WOULD ALSO BE SET

AT TWO DOLLARS. KISSINGER

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